

STATEMENT OF CITY MANAGER, TED GAEBLER, TO THE VISALIA CITY COUNCIL AT THE PUBLIC HEARING ON THE PROPOSED 1978-79 BUDGET, JUNE 19, 1978

During the last two weeks the Council and staff have spent nearly thirty hours reviewing the City's proposed budget for the fiscal year beginning July 1, 1978. These discussions have been informative and helpful for both the Council and staff. Out of these long hours of review and discussion, the staff has gained significant insight into the budgetary goals and priorities of the Council. Consequently, I have directed the staff to embark upon a revision to the 1978-79 budget proposal. The primary goals of this revision include:

- 1) A reduction in proposed expenditures in general fund departments;
- 2) A reduction in the amount of revenue required to operate the City from general fund tax sources;
- 3) A reduction in the number of new personnel requested for the forthcoming and subsequent fiscal years;
- 4) An increase in the efficiency and effectiveness of City personnel;
- 5) An increase in the fees charged to special interest groups; and
- 6) Development of a program to generate a substantial general fund balance at the end of fiscal 78-79, to meet future City needs.

To achieve these immediate goals, I have given the staff the following specific directions.

- 1) Evaluate other revenue sources. The staff will be preparing, as a part of the revised 78-79 budget, studies and recommendations for raising revenue from sources other than general fund tax sources; specifically, we will be looking at fee increases or new fees for services which benefit a small minority of City residents. Three areas where we anticipate fee and charge revisions are planning, building related services, and leisure service programs. We will also look at other sources of funding for capital projects, such as the sale and trade of existing properties to generate revenue.

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- 2) Evaluate service levels. The level of service will be evaluated in several areas, and we anticipate some cost saving reductions in certain areas. We are exploring the possibility of reducing refuse pick-up to once per week for eight or nine months of the year, we are looking at placing a limit on the number of cans allowed for refuse pick-up, and we are looking at a reduction in the level of street lighting and street sweeping to name a few examples.
- 3) Evaluate requests for new employees. I have asked all departments requesting additional employees for 1978-79 to once again evaluate these requests and determine if they can be postponed for this year or indefinitely.
- 4) Postpone capital projects. We will review all capital projects to determine which ones can be postponed for at least one year.
- 5) Reduce capital equipment purchases. All requests for equipment purchases will be reviewed with the goal of reducing the original proposal by 10% to 25%.
- 6) Evaluate overtime, part-time, and temporary hours. We have embarked on a study and analysis of these hours, and we anticipate some reduction in our initial 78-79 estimates.
- 7) Withdraw proposed salary range increases for department heads and above. Based on last year's budget recommendation, the initial budget proposal included range increases for department heads and other top-management personnel. We are withdrawing this request pending completion of the authorized City-wide classification study.
- 8) 1979-80 Projections. Preliminary budget data will be generated for fiscal 79-80. This will include estimates of revenue, expenditures, and personnel requirements. The intent of this work is to focus on the City's long-term financial position and our anticipated need for expenditures and personnel.



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All of these tasks will be accomplished during the next week, and we will be able to present you with a proposed budget which contains significant revenue and expenditure changes over our initial proposal.

An additional feature of our revised proposal will be the identification of the different types of capital expenditures into the following categories: 1) Investments; 2) New construction; 3) Maintenance; and 4) Cost Reduction.

A word of caution, however. The passage of Proposition 13 will have ripple affects on the cost of municipal services. For example, Tulare County's plans for fees at refuse disposal sites may cost the City several hundred thousand dollars. Our revised proposal will not be able to address these potential ripples as they are not yet known; and we will have to come to you again with revised revenue and expenditure plans once we have concrete information on their impact on Visalia.

Following up on you concern for the City's future revenues and expenditures, we will, during the coming months, be embarking on the following:

- 1) Capacity and Threshold Analysis. I have given departments directions to identify the maximum service capacity of existing personnel and to identify growth thresholds which will require marginal or substantial increases in employees. Two years ago, the City began reducing the number of personnel per capita; we will continue this trend.
- 2) Evaluate policies which cost money and consume staff time. In the past, the Council, in an effort to be responsive to the citizens has implemented policies which involve significant City costs or staff time. Sewer line oversizing, the proliferation of citizen committees, and street width policies are three examples. During the coming months we will be identifying such policies and their costs for you and making recommendations to reduce these costs.

3. Speed up the move to full-cost accounting. During the coming year we will speed up our three year move toward full cost accounting - for all funds including general fund programs. This will result in fee and charge increases for certain services and programs as we begin to identify and allocate all costs.
4. Evaluate Annexations. An integral part of analyzing the current growth management study will be to evaluate the cost of annexations to the City. After the study is complete, we will come to you with a recommended policy on annexations with the intent of identifying their impact on City operations and expenses.

We feel this type of evaluation and analysis will provide you with the necessary information and tools to be responsive to the long-term interests of Visalia.

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